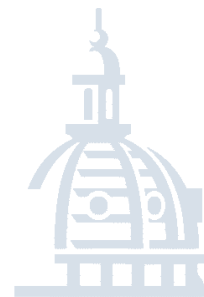


Fiscal Note

Fiscal Services Division



House File 234 – Equality in Health Care Coverage and Veterans Wellness Act (LSB1524HZ)
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Fiscal Note Version – New

Description

House File 234 creates requirements for health insurance coverage of costs relating to mental health conditions, including alcohol or substance abuse treatment services. Policies, contracts, and plans providing for third-party payment or prepayment of health or medical expenses must provide coverage benefits for mental health conditions. Mental health and substance abuse coverage cannot be more restrictive than the rates, terms, and conditions associated with coverage benefits provided for other conditions. The Bill requires the Department of Human Services and Department of Public Health to coordinate with the Iowa Department of Veterans Affairs to maximize access to mental health and substance abuse treatment for veterans.

Background

“Mental health condition” means a condition or disorder involving mental illness, alcohol, or substance abuse as defined by the Insurance Commissioner. Coverage mandates do not apply to accident-only, specified disease, short-term hospital, dental, vision, basic hospital, or Medicare supplement insurance. If enacted, the Bill would be effective January 1, 2010. The legislation would apply only to State plans and not Employee Retirement Income Security Act (ERISA) health plans. Wellmark Blue Cross and Blue Shield of Iowa, the provider of State employee health care contracts, currently covers both mental health and substance abuse on an unlimited basis on most plans for outpatient services and on a limited basis for inpatient services.

Assumptions

- All current managed care provisions, network restrictions, etc., will continue to apply for mental health and substance abuse benefits to the extent they apply for other benefits.
- The total cost of all private health insurance premiums paid by the State is \$330.0 million for FY 2009 for Wellmark Blue Cross and Blue Shield Plans.
- Cost increases as a percentage of premiums are expected to rise from 0.3% to 1.0% for the State. This range was developed by examining the Massachusetts Mental Health Parity Analysis, information from the National Conference of State Legislatures (NCSL), and projections from Wellmark Blue Cross and Blue Shield. This analysis focuses only on the fiscal impact to Wellmark Blue Cross and Blue Shield’s plans under the State’s contract.
- The University of Iowa, Iowa State University, Iowa Braille and Sight Saving School, and Iowa School for the Deaf do not expect any fiscal impact.
- The University of Northern Iowa, which is self insured and does not offer Wellmark Blue Cross and Blue Shield, currently has limits on the mental health and substance abuse coverage and this legislation is expected to increase claim costs by 1.0% to 2.0% or \$75,000 to \$150,000 for FY 2010 and \$153,000 to \$306,000 for FY 2011.
- The Department of Human Services, Department of Public Health, and the Department of Veterans Affairs do not expect a fiscal impact.

Fiscal Impact

House File 234 is estimated to increase General Fund expenditures by \$570,000 to \$1.8 million for FY 2010 and \$1.1 million to \$3.6 million for FY 2011.

Sources

Iowa Board of Regents
Iowa Department of Human Services
Iowa Department of Public Health
Iowa Department of Veterans Affairs
Iowa Insurance Division
National Association of State Legislatures
Maryland Health Care Commission
Massachusetts Mental Health Parity Analysis
Wellmark Blue Cross and Blue Shield of Iowa

/s/ Holly M. Lyons

February 25, 2009

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56](#), Code of Iowa. Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.
